



Economic Development Administration

Overview

Mission Statement

To create a climate conducive to the development of private enterprise in America's distressed communities.

Strategies and Activities

The Economic Development Administration (EDA) provides long-term help to distressed communities to overcome barriers that inhibit the growth of their local economies, and limit their ability to compete effectively in regional, national, and global markets. Local capacity provided by EDA's strategic investment planning helps the local communities plan for new technologies, job creation opportunities, and enterprise development.

Communities with substantial and persistent economic deterioration, or significant near-term economic dislocations brought about by sudden and severe changes in local economic conditions are assisted by EDA's investments. For example, EDA provides construction grants for economic development projects in distressed communities, and provides construction and revolving loan fund (RLF) grants to implement economic adjustment strategies in response to sudden job loss and severe economic distress.

EDA's two goals are:

1. Creating jobs and private enterprise in economically distressed communities; and
2. Building local capacity to achieve and sustain economic growth.

Goal 1 is supported by budget activities for Public Works and Capital Access as authorized by the Public Works and Economic Development Act (PWEDA) under section 201 (public works and development facilities) and section 209 (economic adjustment infrastructure and revolving loan fund grants). Goal 2 is supported by budget activities for Planning and Technical Assistance as authorized by PWEDA under section 203 (District and other planning grants); section 207 (university centers, local technical assistance, and national technical assistance, research and evaluation grants); section 209 (strategic planning grants); and trade adjustment assistance under Chapter 3 of Title II of the Trade Act of 1974, as amended.

The following are program activities that support EDA's first goal:

- Build or rebuild public infrastructure (roads, water, sewer, and other infrastructure) to support the establishment or expansion of commercial and industrial facilities in distressed communities
- Help communities upgrade technology infrastructure and training facilities to prepare for a

technology-based economy

- Redevelop abandoned or under-utilized industrial sites and facilities, including “brownfields,” to restore employment and private investment in distressed areas
- Provide distressed communities with a flexible financing mechanism to modernize aging plant and equipment, introduce new technologies, and increase productivity
- Invest in stabilizing and diversifying the local economy
- Provide for defense adjustment and disaster recovery

Another long-term investment by EDA is building partnerships with local, State, and regional planning organizations that target assistance to economically distressed areas. EDA's focus on locally developed strategies allows EDA to make strategic investments in modern infrastructures that are critical to a community's economic growth. Through a national network of 320 Economic Development Districts, 64 Indian Tribes, 69 University Centers, and 12 Trade Adjustment Assistance Centers, EDA supports strategic planning and technical assistance in local distressed communities. These programs work in unison to provide for long-term local capacity building for distressed communities.

The following are program activities that support EDA's second goal:

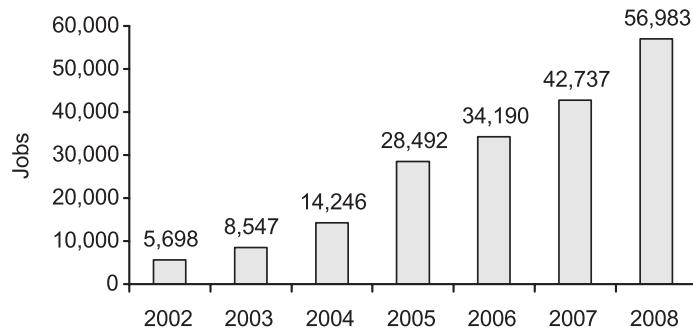
- Grants to support professional staff and technical expertise required for effective planning of economic development programs through a network of regional planning organizations and technical assistance centers
- Grants to support strategic planning organizations and technical assistance providers
- A website to disseminate cutting-edge economic development research
- Grants for cutting edge research in economic development
- Evaluations that provide practical, up-to-date information on the effectiveness of program tools

Long-term Outcomes

EDA's long-term performance measures for Goal 1 document the long-term outcomes of EDA infrastructure investments in distressed areas. For example, FY 1999 grants for construction and revolving loan fund projects are expected to create or retain 56,983 jobs, and leverage \$2.08 billion dollars in private sector investment by FY 2008. Projections for FY 1999 funding are for direct jobs only, with an additional discounting for external factors. These projections are EDA's most conservative estimates for direct jobs and private investment.

The Job Creation graph below illustrates a snap shot of the number of jobs created by FY 1999 funding, and that will be reported by EDA grantees from FY 2002 to FY 2008.

Projected Job Creation
(Cumulative from FY 99 Funds)



EDA projections for the long-term outcomes are based on program evaluations conducted by Rutgers University, completed in FY 1997. The projects used in the evaluation consisted of all projects (205) whose last payment was received in FY 1990. The methodology for attaining results insured that the projects used in the evaluation were complete, and the structures associated with them were either occupied or were soon to be occupied. In terms of distress, EDA public works projects took place in locations where levels of unemployment and percentage of population below the poverty level are 40 percent higher than State and national averages. These were also locations where the per capita income was typically 40 percent lower than averages at the State and national level.

For long-term outcomes, EDA has developed a reporting system to track these performance measures (i.e., job creation and private sector investment). EDA is requiring grantees to report long-term outcomes at project completion; three years following completion; and six years after completion. For example: 1999 grantees will report on long-term outcomes in FY 2002, FY 2005, and FY 2008. The methodology used by EDA to project jobs and attain results is similar to the methodology used by Rutgers University. To supplement the long-term measures, EDA has also developed a set of interim and process measures that are used by EDA managers on a regular basis to set targets and track performance in critical program areas.

To continue testing, refining, and improving EDA projections, EDA conducts pilot reviews of past investments. The EDA GPRA Pilot I and II reports (November 1999) reviewed the long-term outcomes of 58 construction projects completed in FY 1993, and 44 revolving loan funds approved in FY 1993. EDA conducted the pilot not only for attaining results; but also, to provide outreach and training for EDA grantees and staff on valid reporting methods and verification of long-term outcomes.

Rutgers University concluded the following for FY 1999 GPRA Pilot Reports I and II:

- The results from the Government Performance and Results Act (GPRA) Pilot (1999) are comparable to the results from the Rutgers earlier study (1997)
- Virtually all of the construction and revolving loan fund projects evaluated in the FY 1999 study achieved EDA's objective of providing communities with the necessary infrastructure to expand their economic base and existing job base
- EDA public-sector economic stimuli created private-sector jobs at high levels of success and at low levels of cost

EDA Performance Goal 1: Create jobs and private enterprise in economically distressed communities

Rationale for Performance Goal:

EDA helps communities respond to severe changes in local economic conditions resulting from a wide range of factors, including the loss of major employers, defense downsizing and base closures, trade impacts, and natural disasters. Strategic investments in public infrastructure can help distressed communities create and retain jobs, stabilize and diversify local economies, and generate future growth.

EDA public works and economic adjustment grants, including revolving loan funds, implement comprehensive economic development strategies to address problems of substantial unemployment, low per capita income, or other special need as authorized by Public Works and Economic Development Act (PWEDA). These programs have long-term objectives such as to stabilize local economies, stimulate permanent employment and private investment, and improve incomes in economically distressed areas.

FY 1999 Performance

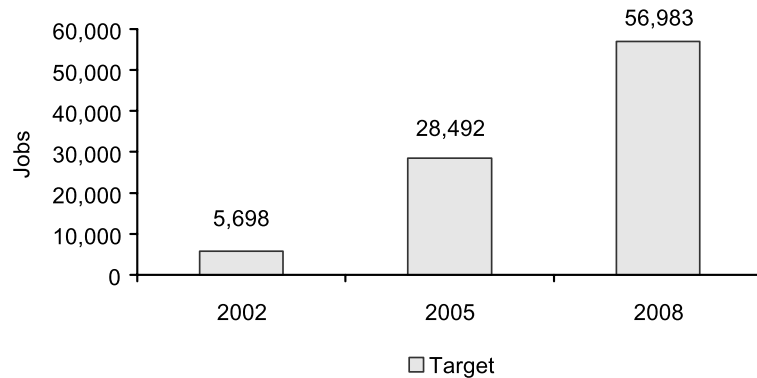
Measure 1.a:

Number of permanent jobs created or retained in distressed communities as a result of EDA grants

FY 1999 Target	FY 1999 grantees will begin reporting in FY 2002. 5,698 jobs by FY 2002, 28,492 jobs by FY 2005, and 56,983 jobs by FY 2008.
FY 1999 Actual	The results of FY 1999 funding will be first reported in FY 2002.
Analysis	EDA projections for FY 1999 performance are based on findings from evaluations conducted by Rutgers University, et al. The number of permanent jobs created or retained as a result of FY 1999 funding of construction and revolving-loan fund (RLF) grants consist of direct jobs, with an additional discounting for external factors.

Data Validation and Verification

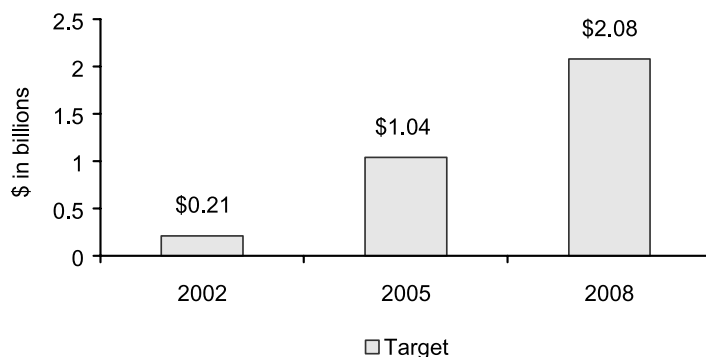
Data source:	Grantee performance reports
Frequency:	3, 6 and 9 years after grant award
Baseline:	Program evaluations conducted by Rutgers University, et al. (1997).
Data storage:	EDA database
Verification:	The Economic Development Administration (EDA) conducted a pilot review of past investments to test performance projections, provide training, and improve reporting. During FY 1999, EDA conducted a pilot review of 58 construction projects completed in FY1993, and 44 revolving loan fund projects approved in FY 1993.

FY 1999 Projections - Number of Permanent Jobs**Measure 1.b:****Private sector dollars invested in distressed communities as a result of EDA grants**

FY 1999 Target	FY 1999 grantees will begin reporting in FY 2002. \$0.21 billion by FY 2002, \$1.04 billion by FY 2005, and \$2.08 billion by FY 2008.
FY 1999 Actual	The results of FY 1999 funding will be first reported in FY 2002.
Analysis	EDA projections for FY 1999 performance are based on findings from evaluations conducted by Rutgers University, et al. Private investment for FY 1999 funding of construction and RLF grants consist of direct private investment, with an additional discounting for external factors.

Data Validation and Verification

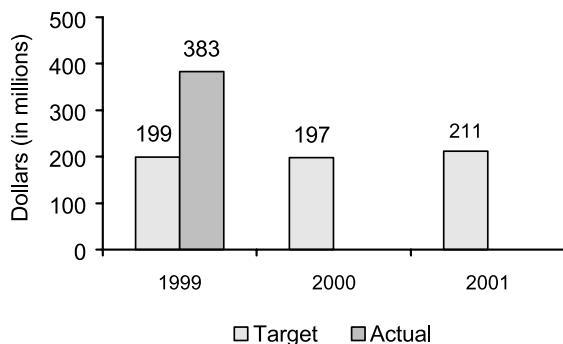
Data source:	Grantee performance reports
Frequency:	3, 6 and 9 years after grant award
Baseline:	Program evaluation conducted by Rutgers University, et al.
Data storage:	EDA database
Verification:	The Economic Development Administration (EDA) conducted a pilot review of past investments to test performance projections, provide training, and improve reporting. During FY 1999, EDA conducted a pilot review of 58 construction projects completed in FY 1993, and 44 revolving loan fund projects approved in FY 1993.

FY 1999 Projections - Private Sector Dollars Invested**Measure 1.c:****State and local dollars committed to EDA-funded projects (interim measure)**

FY 1999 Target	\$199 million
FY 1999 Actual	\$383 million
Analysis	Target exceeded

Data Validation and Verification

Data source: Grantee applications and progress reports
Frequency: At time of grant award and project completion
Baseline: FY 1998 projects
Data storage: EDA database
Verification: EDA verifies non-Federal funds committed to projects prior to disbursement of grant funds.
Comment: New EDA legislation introduced requirements for increased State and local matching funds.

State and Local Share

Measure 1.d:

Percent of public works and economic development facilities, including revolving loan fund grants awarded in areas of highest distress (interim measure)

FY 1999 Target	19%
FY 1999 Actual	36%
Analysis	Target was exceeded by 89%. FY 2000 and FY 2001 targets have been increased by 50 percent based on FY 1999 performance. FY 2000 results will be reviewed for any further adjustments that might be necessary.

Data Validation and Verification

Data source: Bureau of Labor Statistics (BLS) and 1990 Census

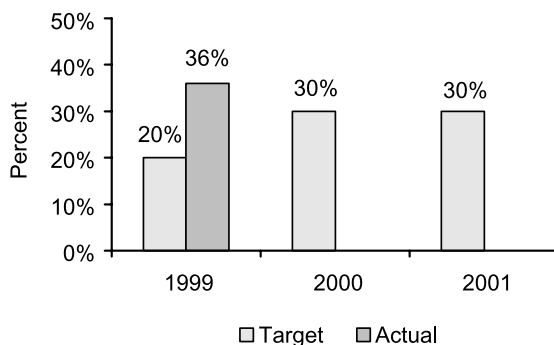
Frequency: Annually

Baseline: FY 1998 Projects

Data storage: EDA Database

Verification: Statistical data is based on Bureau of Labor Statistics most current 24-month unemployment data, and 1990 Census per capita income data. Every three months, EDA updates the BLS unemployment rate data within its database. EDA will sample projects, periodically, to ensure accurate reporting.

Comment: Areas of highest distress are those areas in which projects may receive a Federal grant rate of 70% or more. The criteria as defined by the 70% grant rate are for projects located in areas where 24-month unemployment rate is at least 180% of national average, or per capita income is not more than 60% of national average. For FY 1999, based on BLS and 1990 Census data, the 70% grant rate statistically translated to an unemployment rate of at least 8.05 percent, or a per capita income of \$8,566 or less. Under EDA's regulations implementing its FY 1998 reauthorization legislation, Federal grant rates may be as high as 100%.

Percent of Projects in Areas of Highest Distress

Measure 1.e:**Application processing time for public works and economic adjustment construction, and revolving loan fund grants (process measure)**

FY 1999 Target	6% decrease
FY 1999 Actual	38% decrease
Analysis	Target exceeded

Data Validation and Verification

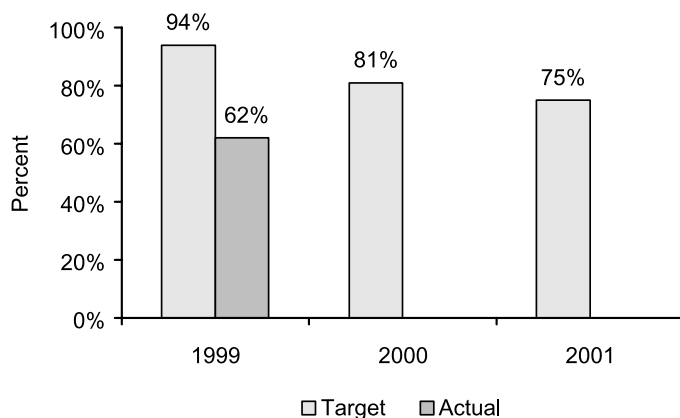
Data source: EDA database

Frequency: Annually

Baseline: FY 1998 Projects

Verification: EDA will sample projects, periodically, to ensure accurate reporting.

Comment: New EDA legislation resulted in late fiscal year project invitations and unusually compressed project development and processing. EDA shifted resources to achieve this level of performance under extraordinary circumstances, and cannot sustain project processing at this level without affecting other critical program and administrative functions. Baseline for FY 2000 has been revised to address the significant variance between target and actual decrease in processing for FY 1999. The new baseline (an average of FY 1998 and FY 1999) is 79.5 median days, rather than 92 median days (original target for FY 1999 processing). The target will remain at 6% decrease from the new baseline. The baseline will be re-examined in FY 2000.

Decrease in Processing Time

Note: FYs 2000 and 2001 targets reflect adjusted baseline based on FY 1999 actual performance

FY 1999 Program Evaluation for EDA Performance Goal 1

To complement its performance measurement system, EDA conducts systematic evaluations of all program activities to develop, test, and refine performance measures and benchmarks. EDA is making significant investments in program evaluation and research to improve programs and to provide useful information to local economic development practitioners. EDA's goal is to evaluate programs on a regular basis (i.e., every five years). EDA sponsored evaluations under this goal include the following:

- *Public Works Program Performance Evaluation* (Rutgers University, et al., March 1997)
- *Defense Adjustment Program Performance Evaluation* (Rutgers University, et al., November 1997)
- *Public Work Program: Multiplier and Employment-Generating Effects* (Rutgers University et al, 1998)
- *EDA's Response to the Midwest Flood of 1993: An Evaluation* (Aguiree International, 1998)

EDA will continue its strategy of evaluating its programs in order to serve its customers more efficiently and effectively and to develop facts and data that will help the agency focus on program direction. In addition, EDA sponsors research and national technical assistance projects to evaluate the effectiveness and economic impact of programs, projects, and techniques used to alleviate economic distress and promote economic development. EDA is currently evaluating its Revolving Loan Fund Program. Evaluations for capacity-building programs are reported under goal 2 of this report.

EDA Performance Goal 2: Build local capacity to achieve and sustain economic growth

Rationale for Performance Goal:

Economic development is a local process as well as a broader national one. At the local level, the Economic Development Administration (EDA) seeks to help distressed communities build capacity to identify and overcome barriers that inhibit economic growth. EDA supports local planning efforts to foster long-term partnerships between State and regional organizations, and local communities. EDA grants for strategic planning and technical assistance help local communities to set priorities, determine the viability of projects, and respond to severe changes in local economic conditions. This results in the leveraging of outside resources to improve the local economy and sustain long-term economic growth. Evaluations of EDA's public works and defense adjustment programs confirm that EDA planning and technical assistance is a critical component to the long-term success of its infrastructure and revolving loan fund projects.

FY 1999 Performance

Measure 2.a:

Percent of sub-State political jurisdiction members actively participating in the Economic Development District (EDD) program

FY 1999 Target	Outcome measure was introduced in the FY 2000 Annual Performance Plan. EDA will report on this measure in the FY 2000 Annual Program Performance Report (APPR). Target is 75% by FY 2000.
FY 1999 Actual	During FY 1999 EDA developed and tested a plan for evaluating the performance of Economic Development Districts. This three-year evaluation cycle will provide annual program data for one-third of EDA-funded Districts each year.
Analysis	Operational Planning and Control System (OPCS) procedures will require EDA regional offices to enter data within 30 days of a District evaluation. Performance data collected in FY 2000 will be reported in the FY 2000 APPR.

Data Validation and Verification

Data source: EDA Grantee Performance Evaluations
Frequency: Annual
Baseline: FY 2000 grants
Data storage: EDA database
Verification: EDA will conduct periodic performance reviews and site visits including interviews with clients.
Comment: Evaluation process was developed in FY 1999, consistent with new legislation.

Measure 2.b:**Percent of Economic Development Districts and Indian Tribe Planning grantees whose Comprehensive Economic Development Strategy (CEDS) is on time and acceptable**

FY 1999 Target	Outcome measure was introduced in the FY 2000 Annual Performance Plan. EDA will report on this measure in the FY 2000 Annual Program Performance Report (APPR). Target is 75% by FY 2000.
FY 1999 Actual	During FY 1999, EDA developed and tested a plan for evaluating the performance of Economic Development Districts (EDD). Also during FY 1999, EDA developed new guidelines consistent with EDA's reauthorization legislation for the preparations of CEDS by EDD and Indian grantees. These guidelines received OMB clearance in December of 1999.
Analysis	Operational Planning and Control System (OPCS) procedures will require EDA regional offices to enter appropriate data within 30 days of receipt of a CEDS report. Performance data collected in FY 2000 will be reported in FY 2000 APPR.

Data Validation and Verification

Data source: CEDS Report
Frequency: Annual
Baseline: FY 2000 grants
Data storage: EDA database
Verification: EDA HQ will review OPCS database.
Comment: Database will include CEDS annual report received, acceptable CEDS, and next CEDS report due date.

Measure 2.c:**Percent of University Center clients satisfied with technical assistance provided for local economic and business development**

FY 1999 Target	During FY 1999, EDA developed plans to evaluate grantee performance consistent with new statutory requirements in EDA's reauthorizing legislation. EDA implemented the system at the beginning of FY 2000. No targets were set for these measures in FY 1999. EDA will report on this measure in the FY 2000 Annual Program Performance Report (APPR). Target is 75% of FY 2000 clients assisted by University Centers rate technical assistance as 7 or higher on a scale of 1 to 10 (10 best).
FY 1999 Actual	In FY 1999, EDA developed a plan for evaluating University Centers. Beginning in FY 2000, client satisfaction ratings will be included in University Center annual reports. Performance data will be verified for one third of the University Centers each year as part of a three-year evaluation cycle.
Analysis	Operational Planning and Control System (OPCS) procedures will require EDA regional offices to enter data within 30 days of each evaluation. This data will be verified annually for one - third of University Centers as part of a three-year evaluation cycle.

Data Validation and Verification

Data source: Grantee annual reports
Frequency: Annual
Baseline: 2000 grants
Data storage: EDA database
Verification: OPCS procedures will require EDA regional offices to enter data within 30 days of receiving annual report. This data will verify annually for one-third of University Centers, as part of a three-year evaluation cycle.
Comment: Data is based on a survey approved by OMB and will be submitted to EDA as part of the University Center Annual Report.

Measure 2.d:**Percent of clients satisfied with assistance provided for trade adjustment assistance to firms (interim measure)**

FY 1999 Target	During FY 1999, EDA developed plans to evaluate grantee performance consistent with new statutory requirements in EDA's reauthorizing legislation. EDA implemented the system at the beginning of FY 2000. No targets were set for these measures in FY 1999. EDA will report on this measure in the FY 2000 Annual Program Performance Report (APPR). Target is 75% of FY 2000 clients assisted by Trade Adjustment Assistance Centers rate trade adjustment assistance as 7 or higher on a scale of 1 to 10 (10 best).
FY 1999 Actual	During FY 1999, EDA developed instructions for reporting client satisfaction ratings as part of each Trade Adjustment Assistance Center's annual report to EDA.
Analysis	Instructions were issued to grantees in October of 1999. FY 2000 performance will be reported in the FY 2000 APPR.

Data Validation and Verification

Data source: Grantee annual reports
Frequency: Annual
Baseline: FY 2000 grants
Data storage: EDA database
Verification: EDA will conduct periodic performance reviews and site visits to review and verify data.
Comment: Trade Adjustment Assistance Centers will summarize client satisfaction ratings in their annual reports.

Measure 2.e:

Number of research and national technical assistance results published or presented nationally each year

FY 1999 Target	5
FY 1999 Actual	6
Analysis	Target exceeded

Data Validation and Verification

Data source: Grantee Reports

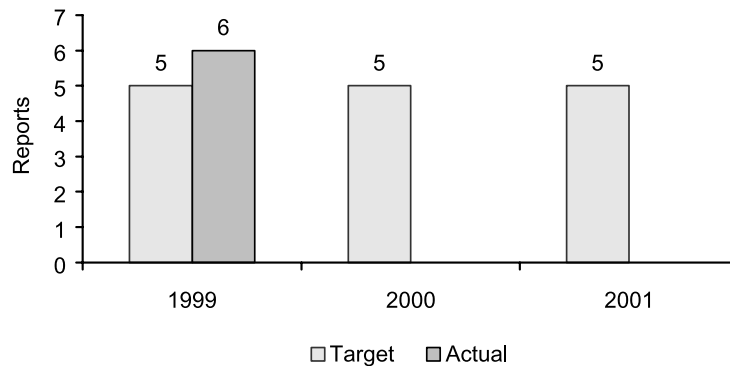
Frequency: Annual

Baseline: 5, based on FY 1997 reports published or presented.

Data storage: EDA's Research & National Technical Assistance Program office

Verification: EDA will verify by obtaining publications and monitoring national presentations.

Comment: Program evaluations and performance measurement are priorities for EDA's research and national technical assistance program.

Number of National Technical Assistance Reports

Measure 2.f:**Percent of local technical assistance and economic adjustment strategy grants awarded in areas of highest distress (interim measure)**

FY 1999 Targets	19%
FY 1999 Actual	31%
Analysis	Target exceeded by 63%. FY 2000 and FY 2001 targets have been increased by 25 percent based on FY 1999 performance. The areas of highest distress are defined as those areas where the 24-month unemployment rate is at least 180% of the national average or per capita income is not more than 60% of the national average.

Data Validation and Verification

Data source: Bureau of Labor Statistics and 1990 Census

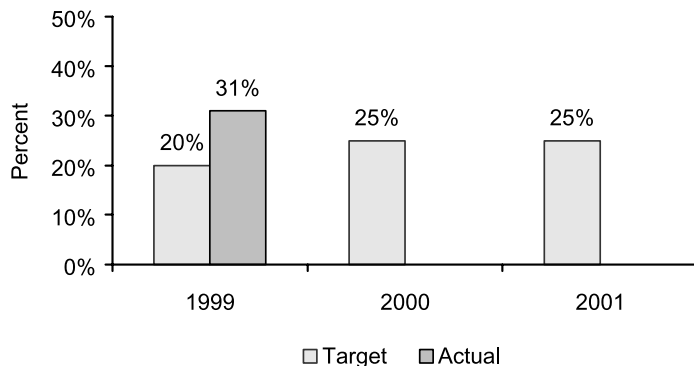
Frequency: Quarterly

Baseline: FY 1998 Projects

Data storage: EDA Database

Verification: Statistical data is based on Bureau of Labor Statistics (BLS) most current 24-month unemployment data and 1990 Census per capita income data. Every three months, EDA updates the BLS unemployment rate data within its database. EDA will conduct periodic reviews of projects to ensure accurate reporting.

Comment: Areas of highest distress are those areas in which projects may receive a Federal grant rate of 70% or more. The criteria as defined by the 70% grant rate are for projects located in areas where 24-month unemployment rate is at least 180% of national average, or per capita income is not more than 60% of national average. For FY 1999, based on BLS and 1990 Census data, the 70% grant rate statistically translated to an unemployment rate of at least 8.05%, or a per capita income of \$8,566 or less. Under EDA's regulations implementing its FY 1998 reauthorization legislation, Federal grant rates may be as high as 100%.

Percent Distress Local TA and Economic Adjustment Grants

Measure 2.g:**Reduction of certification processing time for trade-impacted firms
(process measure)**

FY 1999 Target	4% decrease
FY 1999 Actual	18% decrease
Analysis	Target exceeded

Data Validation and Verification

Data source: Program Officer in charge of program

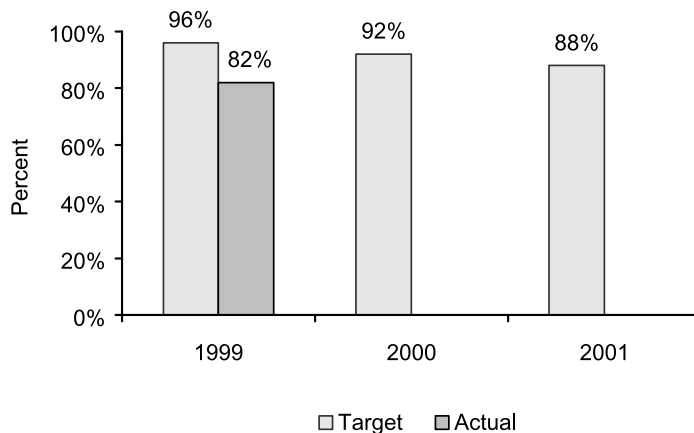
Frequency: Quarterly

Baseline: FY 1998 Projects – 56 Mean Days

Data storage: Planning and Development Assistance Division, EDA-Headquarters

Verification: EDA will sample projects periodically to ensure accurate reporting.

Comments: In FY 1999, an 18 percent reduction in certification processing time was achieved while a 4 percent reduction was targeted. This is partly due to a streamlined certification process that was initiated in January of 1997. The implementation of process took longer than anticipated with many of the benefits not achieved until FY 1999. Additionally, the Trade Adjustment Assistance (TAA) program authorization lapsed on June 30, 1999, and it was not reauthorized until November, 1999. The results collected for FY 1999 includes data up to the 3rd quarter of the fiscal year, this data collection reflects the lapse in authorization. However, the Trade Adjustment Assistance Centers continued to work with firms interested in being certified and submitted petitions on their behalf to EDA. The firms, however, could not be certified until the program was reauthorized. For FY 2000, EDA proposes to maintain a 4 percent reduction from the FY 1998 baseline in certification processing time. EDA will re-examine the target based on results from FY 2000 certification processing time.

Reduction of Certification Processing Time

FY 1999 Program Evaluation for EDA Performance Goal 2

To complement its performance measurement system, EDA conducts systematic evaluations of all program activities to develop, test and refine performance measures and benchmarks. EDA is making significant investments in program evaluation and research to improve programs and provide useful information to local economic development practitioners. EDA's goal is to evaluate all of its programs on a regular basis (i.e., every five years). The following is a listing of EDA-sponsored program evaluations:

- *Select Practices for Economic Development: EDA University Centers* (National Association of Manufacturing & Technical Assistance Centers, 1998)
- *Effective Aid to Trade-Impacted Manufacturers* (Urban Institute, 1998)

EDA will continue its strategy of evaluating its programs in order to serve its customers more efficiently and effectively and to develop facts and data that will help the agency focus on program direction. In addition, EDA sponsors research and national technical assistance projects to explore policy and program issues affecting distressed communities. EDA is currently evaluating its University Center Program. EDA plans to initiate an evaluation of its local technical assistance and planning programs in FY 2000.